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DIARY NOTES

DD/S

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18 December 1964

1. John Bross spoke to me about the following items:

a. John told me that yesterday morning 25X1A9a picked up a number of CIA people who were stranded in a broken-down public bus and that he had concluded from their remarks that the quality of the equipment used and the service in general is quite unsatisfactory. (I don't know what we can do about this, but I would like to look into it and make representations to the company.)

b. John also told me that his son-in-law, who was recently discharged from the Army, had told him that three of his friends whom he considered to be well-qualified people had applied to the Agency for a job and had been given a "brush-off." I told John that we receive allegations of this kind from time to time and that we constantly admonish our people to treat applicants courteously even though they might not be the kind of people in whom we are interested at the time. I said that, if he could furnish me the names of these people, I would find out whether they did apply, to whom they spoke, and what our record shows regarding their qualifications, treatment, etc. He said that he would try to do this.

2. Larry Houston was in to talk to me about the following:

a. He mentioned a flap which can be summarized as follows: At some time in the past three Agency employees were recalled to active military duty at our request. While on active duty they were retired for physical disability. Based upon a ruling rendered by the General Counsel's office 25X1A9a these individuals have been drawing their full staff employee pay plus their full disability retirement pay from the military. In one case this has amounted to \$34,000. A similar case involving a Navy recall came up for a ruling recently, and the General Counsel's office ruled that this individual was not entitled to receive his retired military pay. This ruling, of course, raises a question about the other three employees. Larry has studied this question quite thoroughly and is now prepared to give another ruling which would reverse 25X1A9a earlier opinion and state categorically that the three people are not entitled to receive their retired military pay. The question then arises as to whether these individuals should be required to pay back the retired pay which they have received. I agreed with Larry that I would prefer to see this ruling

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made effective now. We agreed that he should speak to the Judge Advocate General of the Army about this with a view toward trying to work it out along these lines.

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b. Larry also talked with me about Project [REDACTED] According to Alan Warfield, the requirement for this project has been steadily lessening. However, [REDACTED] of DODS says that he needs help and can make more use of the project. I agreed with Larry that it is desirable for DODS to use it as much as possible. I think it is important that we keep such a facility in being and that other parts of the Agency pour business into it in order to provide an essential facility when it is needed even though, as far as the Office of Logistics is concerned, it may be only occasionally that we would do so. (I want to talk to Alan Warfield about this sometime soon.)

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4. Mr. McCone hosted a lunch for John Macy. Mr. Kirkpatrick, Emmett Echols, and I also attended. (I don't know the real purpose of the lunch.) Mr. McCone talked to Mr. Macy about our professionalism and said that he need not worry about staffing this Agency. He also said that, while we did not wish to lose our people, we might be of some assistance to him in the international field. During the course of the lunch he also told Kirk that he wanted to formalize a procedure whereby people leaving the Agency for duty in another agency would be seconded to that agency with the right of return to this Agency upon completion of their duty. At the conclusion of our meeting, John Macy asked for a list of the people we thought might be suitable in the international field, particularly as ambassadors, and Kirk undertook to supply this. Mr. Macy also said that they were going to undertake an executive study of retirement plans and would like to have a copy of our new retirement regulations. We committed ourselves to furnish these when they are finished.

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5. Bob Bannerman, [REDACTED] and I met with Matt Baird and Bob [REDACTED] to discuss the latter's paper on possible conversion of staff employees at [REDACTED] to contract employees, GSI employees, etc. I authorized and encouraged them to have preliminary discussions with GSI regarding salary arrangements, guaranteed promotions, etc. However, I do not want to proceed with this proposal until we have found out what is going to happen to the slots we propose to save by converting our language

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trainers to a project. As a practical matter, I think that our tactics should be to identify a requirement for additional slots in the DD/S and then propose how we can get the slots by conversions such as those at [REDACTED]

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6. John Bross telephoned to call my attention to the fact that Mr. Godel and Mr. Wiley, two of the three Department of Defense employees who were indicted for embezzlement of funds along with Mr. Loftus, had extensive Agency clearances and had been involved in our business in various ways. He believed that Mr. Wiley was responsible for passing a very substantial

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[REDACTED] In the light of all this background, we agreed that it would probably be advisable to ask the Office of Security to prepare a brief paper for the Director summarizing this situation. Later in the day Bob Fuchs and [REDACTED] were in to see me coincidentally about the same subject. Bob advised me that Wiley

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[REDACTED] been extensive. In the light of this information I asked Bob to carry the laboring oar in preparing a brief fact sheet on the Agency's relationships with all three of these individuals. I also asked Larry Houston to cooperate in this effort and told Howard Osborn that he should assist Bob in this task.

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